

Rep. Pete Stark today joined with Public Citizen, a consumer watchdog group, to announce the results of the group's latest investigations into the pharmaceutical industry.

The first Public Citizen report, Rx R&D Myths, investigates the drug industry's claim that the research and development (R&D) investment by a pharmaceutical company for a new drug is \$500 million. Public Citizen's findings suggest that this figure is vastly overestimated. Given federal investment in pharmaceutical research and the fact that many of the industry's costs are tax deductible, the actual cost to the industry is less than half of that amount.

The second report, The Other Drug War, reveals that drug companies have spent billions of dollars lobbying Congress over the past several years. In the 1999-2000 election cycle alone, pharmaceutical companies spent \$262 million in lobbying and other efforts to influence the government. This lobbying has successfully stalled any legislation seeking to create a Medicare prescription drug benefit.

Rep. Stark said: "Today's reports illustrate the prominent reason why American seniors still don't have a Medicare prescription drug benefit; and that is the sheer strength and opposition of the pharmaceutical industry. First, the industry hides the true cost of research and development in order to promulgate the farce that their enormous revenues are necessary for discovering new drugs. Second, they spend astronomical funds on lobbying and marketing to put politicians in their back pocket while their profits continue to rise.

"Not surprisingly, these companies have been deceiving Congress and the American people for years. In public, they cry crocodile tears and claim that any decrease in their revenue would fatally harm patients. In private, however, they are laughing all the way to the bank."

Rep Stark concluded: "I commend Public Citizen for exposing the industry's long standing attempt to hide the truth about R&D spending. I hope the American public takes note and begins to appropriately question the rhetoric they are being fed by this greedy industry. Don't be fooled. Pharmaceutical companies can both preserve company profits and reduce prescription drug prices."